

RESOLUTION NO. 11- ____

AN RESOLUTION OF THE BOARD OF TRUSTEES OF THE CITY OF LAKE WORTH GENERAL EMPLOYEES' RETIREMENT SYSTEM, AMENDING SECTION 7 OF THE DEFERRED RETIREMENT OPTION PLAN (DROP) TO PROVIDE THAT DROP PARTICIPATION SHALL BE LIMITED TO SIXTY (60) MONTHS AND TO LIMIT THE DROP FIXED RATE TO THE SEPTEMBER 30 LIBOR RATE PLUS ONE-PERCENT (1%), NOT TO EXCEED THE PLAN'S ASSUMED RATE OF INVESTMENT RETURN; PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CITY OF LAKE WORTH GENERAL EMPLOYEES' RETIREMENT SYSTEM, that:

Section 1. Section 7 of the City of Lake Worth General Employees' Retirement System Deferred Retirement Option Plan be amended by deleting the stricken through language and adding the following underlined language.

- a. After each fiscal year quarter, the average daily balance in a participant's deferred retirement option account shall be credited or debited at a rate equal to the actual net rate of investment return realized by the System for that quarter. "Net investment return" for the purpose of this paragraph is the total return of the assets in which the participant's deferred retirement account is invested by the Board of Trustees net of brokerage commissions, investment management fees, and transaction costs. An example of how earnings and administrative expenses are calculated is attached hereto as Exhibit "A."
- b. A participant's deferred retirement account shall only be credited or debited with earnings ~~during the first five years~~ for sixty (60) months ~~that the participant is a participant in the DROP~~ or until the participant sooner dies, retires, or terminates employment. If a participant is employed in covered employment by the City after participating in the DROP for ~~five years~~ sixty (60) months and does not retire or terminate employment, beginning with the participant's 61st month of DROP participation, the participant's deferred retirement option account will no longer be credited or debited with earnings while the participant is so employed. Only monthly payments will continue to be made to the participant's account until the participant retires, terminates employment or dies, whereupon the participant's account shall be disbursed as provided in section 9 below. A participant employed by the City in covered employment after five years of DROP participation will remain ineligible for preretirement death or disability benefits. Effective October 1, 2010 upon entry into DROP a

participant shall submit a letter of resignation stating the anticipated employment termination date, not to exceed sixty (60) months from the participant's DROP entry date.

- c. A DROP participant may upon entering the DROP or at the beginning of any quarter thereafter, make an irrevocable election to place the balance of his or her DROP account into a fixed rate DROP account. Such fixed rate account shall earn an annualized seven percent (7%) rate of interest until the participant's 61st month of DROP participation, after which the participant's fixed rate DROP account, will no longer be credited with earnings. Only monthly payments will continue to be made to the participant's fixed rate DROP account until the participant retires, terminates employment or dies, whereupon the participant's fixed rate DROP account shall be disbursed as provided in section 9 below.

- d. Effective October 1, 2010 fixed rate DROP accounts shall earn an annualized rate equal to the September 30 LIBOR rate plus one-percent (1%), not to exceed the plan's annual assumed rate of investment return. Provided however that should the Plan's net investment return be negative DROP accounts shall be credited with zero return. Such rate shall be paid commencing on January 1 of each year thereafter, until the participant's 61st month of DROP participation, after which the participant's fixed rate DROP account, will no longer be credited with earnings. Only monthly payments will continue to be made to the participant's fixed rate DROP account until the participant retires, terminates employment or dies, whereupon the participant's fixed rate DROP account shall be disbursed as provided in section 9 below.

ADOPTED by the Board of Trustees to be effective this ____ day of _____, 2011

Chairperson

Secretary